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Board of Treasury Investments conducts on-line auction

CHARLESTON -- State Treasurer John Perdue and the affiliated Board of Treasury Investments conducted an on-line auction Tuesday, investing nearly \$25 million in certificates of deposit with state banks.

The \$24.8 million represents a portion of \$2.8 billion in state operating funds the BTI manages. Board of Treasury Investments executive director Glenda Probst said any official state depository with a West Virginia bank presence was able to participate.

“We hope to put some money into the economy of West Virginia,” Perdue said, “by making available funds that banks may loan to working individuals. We thought nothing could be fairer than an on-line auction.”

Bids Tuesday ranged from a minimum of \$100,000 to a maximum of \$5 million per banking company. Two banks bid for \$5 million each – United Bank, Inc. of Parkersburg and Huntington National Bank of Charleston.

Jefferson Security Bank of Shepherdstown put up a bid for \$2.5 million, one of many smaller banks that successfully bid Tuesday. Others included Freedom Bank of Belington and Harrison County Bank of Lost Creek.

BTI officials agreed to purchase a six-month CD from the banks that bid the highest interest rate for that particular pool of money. A minimum interest rate bid had to be at least the amount of a six-month treasury bill, Probst said.

Each bank had the same amount of time to make on-line bids. Such an auction has never been held in West Virginia but has been done in 12 other states, including Louisiana and Ohio.

Other CD auctions are planned. Features include:

- \$100 million to be auctioned annually, by quarter
- Bidding in increments of \$100,000
- Thirty-two banks have registered
- First initiative to invest state’s operating funds with West Virginia banks

“We’re excited about this event and trust that it will be the beginning of similar investment within the state for years to come,” Probst said.

The 2005 session of the state Legislature returned to the Treasurer’s Office management of what is known as the Consolidated Fund, consisting of various sources of daily operational revenue.

Treasurer Perdue serves as chairman of the BTI, which also includes representatives of the governor's office, auditor's office, an accountant and a lawyer. Executive director Probst is a former deputy treasurer.

BTI-managed funds are invested in the short term, often in treasury bills, certificates of deposit and the like.

"We're very confident in our ability to manage this money," Perdue said. "Returns so far have been very good and we will do all in our power to see to it they remain that way."

For more information, go to www.BidWVauction.com.

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